

**MINUTES OF THE
GOVERNOR'S BOARD OF ECONOMIC DEVELOPMENT**

May 26, 2011 • 10:00 a.m. -12:00 p.m.
201 S. Main Street, Suite 800

Members Present: Rob Adams, Amy Anderson, Jake Boyer, Mike Dowse, Stanley Ellington, Molonai Hola, Mel Lavitt, Peter Mouskondis, Jerry Oldroyd, Cliff White, Kate Riggs

Members Absent: Jack Brittain, Lowry Snow

Visitors: Mimi Davis-Taylor, Barbara Crandall, Matt Piccolo, Bill Loos, Michael O'Malley, Brennan Wood, Volker Schwarz, Todd Brightwell, Marshall Moore, Nikos Linardakis, Randy Maxfield

Staff: Amy Hamblin, Jenni Osman, Vatsala Kaul, Riley Cutler, Tara Thue, Kelleigh Cole, Fred Lange, Greg Hartley, Jason McCurdy, Tamy Dayley, Greg Slater, Les Prall, Sophia DiCaro, Spencer Eccles, Michael Sullivan

Welcome

Jerry Oldroyd welcomed everyone to the May board meeting.

Mike Dowse, a current board member and Kate Riggs, a new board member were sworn into office for the Governor's Office of Economic Development board committee.

Jerry Oldroyd spoke on the importance of ethics and its role that it plays on the Governor's Office of Economic Development.

Approval of the March 2011 and April 2011 Minutes

MOTION: Jerry Oldroyd moved to approve the minutes of the March 10th and April 19th, 2011 GOED Board Meeting. Peter Mouskondis seconded the motion. Motion carried unanimously.

Utah's Own/ High Grade Meats

Randy Maxfield gave a brief overview on the facilities that manufacture their meats. They mainly produce lunch meats and hot dogs. He spoke on the benefit on working with Utah's Own and how it has helped them grow their business through grocery stores and farmer's markets.

Incentives Update

Spencer Eccles, Executive Director of the Governor's Office of Economic Development, gave an update on the Incentives Program including jobs, revenues, capital investments and new state wages.

EDTIF- Genpak

Project Highlights

- Expand current food packaging manufacturing facility in Cedar City, UT
- Timeline: Decision expected by April 2011
- Target Industry: NA
- Proposed Location: Cedar City, Iron County
- Capital Investment: \$22.7 million for building purchase, and new machinery and equipment

Jobs and Revenue

- 125 new full-time, permanent employment positions created over 5 years

- Health benefits for the project add approximately \$6,400 per job to the annual base salary and benefits are offered to all new full-time, permanent employees
- Company average wage vs. Iron County average wage
 - Max with health benefits: 159% (2012)
 - Max without health benefits: 137% (2012)
 - Min with health benefits: 149% (2015)
 - Min without health benefits: 128% (2015)
- Project REMI Model over 5 years:
 - Low Migration/Low Cost \$12,708,000
 - Middle Migration/Middle Cost \$9,266,000
 - High Migration/ High Cost \$5,864,000
- Project State Wages over 5 years: \$15,308,375
- Project State Revenue for 5 years: \$574,064
 - Withholding: \$574,064
 - Sales¹: \$0
 - Corporate²: \$0

Company Incentive Request

The Company is requesting the maximum incentive possible for five years.

Competition

The Company is considering expanding to Arizona, Nevada and South Carolina. It is currently working on incentive packages with local and state offices in these states.

Local Incentive

The Cedar City – Iron County Office of Economic Development has approved a 10 year, 100% tax increment financing incentive.

Proposed State Incentive

\$125,000 post performance IAF grant. The IAF grant is based on \$1,000 per new employment position created for up to 125 new employment positions over 5 years.

MOTION: Jerry Oldroyd moved to approve for Genpak, LLC a \$125,000 post performance IAF grant. The IAF grant is based on \$1,000 per new employment position created for up to 125 new employment positions over 5 years. Stanley Ellington seconded the motion. Motion was unanimous.

- Incentive offer requires that the company retain all existing positions for a minimum of 5 years in the State of Utah starting the date of the GOED Board incentive ratification.
- Total IAF grant for the new employment positions not to exceed \$125,000 over the life of the incentive which is \$1,000 per new employment position created for 125 positions. Incentive payments to be allocated in the following manner:
 - Maximum of \$10,000 in 2011
 - Maximum of \$25,000 in 2012
 - Balance to be paid 2013-2016 (2016 is a partial year)

** Incentives will only be paid on positions created above and beyond those positions that are in the State of Utah as of the date of the GOED Board incentive ratification. Should the company drop below this number any incentives paid to the company will need to be repaid by the company by the end of the final incentive period.*
- Annual total project average salary of NEW employment positions to be at least 115% of Iron County average wage.
- Must commit to keep full operation in Utah for the length of the incentive period, a minimum of 5 years.
- Location specific and subject to local participation.

¹ All new equipment purchases are sales tax exempt

² Genpak's parent company, Jim Pattison Group, does not pay corporate income tax in the state

- Must meet new employment position projections, both position count and wage % criteria, at 50% each project year in addition to the position count starting the date of the GOED Board incentive ratification.
- Only new employment positions created after the GOED Board final approval date are eligible for the incentive.
- Incentives provided post-performance upon review and verification of receipt of state taxes (proof of employment) and performance requirements as outlined above.

Motion Picture Advisory: The Mill

Project:

- Category: Feature Film (Independent)
- Director: Brian Brough
- Producer: Brian Brough, Brittany Wiscombe, Anthony Straga

Utah Jobs and Revenue:

- Estimated Cast: 16
- Estimated Cast Average Salary: \$230.56/day
- Estimated Crew: 21
- Estimated Crew Average Salary: \$221.59/day
- Estimated Extras: 100
- Estimated Extras Average Salary: \$50.00/day
- Length of Film Production: 12 days
- Estimated Spend: \$209,075

Project Schedule:

- Prep: May 10, 2011 – May 30, 2011
- Principal Photography: May 31, 2011 – June 25, 2011
- Wrap: June 27, 2011 – June 28, 2011

Utah Film Commission Recommendation:

Approved by the Utah Film Commission on May 23, 2011.

MOTION: Amy Anderson moved to approve for Silver Peak Productions, LLC a \$30,000 MPIF post-performance cash rebate which represents 15% of dollars left in state for the production of ‘The Mill’. Mike Dowse seconded the motion. Motion was unanimous.

- Total incentive not to exceed \$30,000 MPIF cash rebate.
- Incentive offer based on receipt of a complete MPIF application including a script and proof of financing.
- Must meet \$200,000 minimum dollars left in state to be eligible for the incentive.
- At least 90% of the productions cast/crew must be Utah Residents and/or Utah Students.

Rural Development Report

Les Prall, Director of Rural Development, updated the Board on their rural efforts in regards to upcoming rural tours, business expansion and retention in rural areas, and the IAF fast track program. He spoke briefly on the upcoming rural tours that will be taken to meet with representatives from different counties. The BEAR program is a very important part of economic development, this helps to find ways on how the rural counties can expand.

Brennan Wood, representative from Cedar City, gave a presentation on what the community of Cedar City can offer people. He spoke about the festivals that take place such as the Utah Shakespeare festival, the many national parks that are nearby, healthcare services, and educational services. He also reviewed the many expansions that are taking place in Cedar City currently.

Utah Broadband Project Report

Tara Thue, Utah Broadband Mapping, Analysis and Planning Project Coordinator, introduced the newest addition to her team, Kelleigh Cole. She discussed the purpose of the broadband project which is to develop a statewide map of available broadband services and a plan to increase broadband adoption and deployment in the state of Utah. She spoke on the importance of working with rural representatives to create a map on where their service areas are so they can find out where they need to make adjustments.

GOED Report

Spencer Eccles, Executive Director of the Governor's Office of Economic Development, spoke on the last interim meeting that took place and the importance of knowing who each person's representative is because there have been many changes. He also spoke on his trip to New York that he just returned from and the upcoming rural tour and also to the Utah in Hollywood trip. These trips are very important; it gives our state the opportunity to speak on the benefits of bringing business to Utah.

EDCU Report

Todd Brightwell, Vice President of Business Development, provided an update on the amount of projects they have in the pipeline year to date. He spoke on the projects themselves and how many jobs will be created per potential project.

Meeting adjourned.